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# *The* MANAGEMENT REVIEW

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by CHARLES R. REDDING

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# *The* MANAGEMENT REVIEW

*April, 1926*

## Co-ordinating Sales and Production

By CHARLES R. REDDING, *Treasurer,*  
*Leeds and Northrup Company*

The outstanding difficulty in the problem of the coordination of sales with production activities is the lack of understanding between the Sales Department and the Production Department. Each has its own particular problems, and it is hard for either department to understand the other's problems. Each department requires its own peculiar type of individuals to successfully function, with the result that more frequently than not we are liable to have very serious clashes of personalities due to misunderstandings. These misunderstandings should not exist and it is the problem of the management to find out what they are and to eliminate them. To illustrate from our own experience—a few years ago we were inclined to believe that a salesman was worth very much more to our company than a production man of, as nearly as we could gauge, similar standing. The production people could not understand this viewpoint and upon analyzing the situation, the conclusion was reached that the premises were wrong and the situation was remedied. We still believe that there should be some differential in favor of the salesmen who are required to be on the road a considerable portion of the time to compensate them for the fact that they must spend so much of their time away from their homes and families. As between the production sub-executives and the salesmen, however, this is practically the only differentiation that we recognize and the men of approximately equal grade are given equal compensation. It will be granted that it is exceedingly difficult to compare a man in the Production Department with a man in the Sales Department and all that can be expected is that the Management use its best judgment in making such comparisons for compensation purposes. Then again there are other causes of misunderstanding between the two departments which probably can be eliminated only through a process of education.

A good salesman is more or less of an opportunist and is more than likely rather unmethodical in his methods and rather intolerant of necessary factory routine procedure. On the other hand, the factory man realizes the necessity of routine procedure and rather chafes at the salesman's inability to understand why everything cannot be done just as and when the salesman would like to have it done. However, the factory man is very much inclined to place too much emphasis upon routine and to give not enough consideration to the customer's requirements. We have been endeavoring for years to bring about a closer co-ordination between the factory personnel and the sales personnel with some little success, although we realize this problem has not yet been entirely solved. Some of the causes of lack of co-ordination between the Sales Department and the Production Department and the methods which we have adopted to overcome them, I shall outline.

### **Satisfying the Customer**

Unkept delivery promises to a conscientious Sales Department are and should be a cause of great annoyance. The Sales Department is of necessity the customer's representative in the factory and if the Sales Department is operating as it should, it will do everything possible to see that the customer is kept satisfied, because it fully realizes how far-reaching the effect of a dissatisfied customer may be.

### **Organizing to Keep Delivery Promises**

We have found two main reasons for failure to keep delivery promises. The first can be laid to the Sales Department through giving to the customer unreasonably short delivery promises. The second can be laid to the Manufacturing Department in not arranging their schedule and securing their material so as to be able to keep reasonable delivery promises. In order to take care of the first situation, there has been an agreement reached between our Sales and Production Departments that, except under the most unusual circumstances, no delivery promises are to be given to the customer without consultation with the proper section of our production organization, and it is understood between the two departments now that the Manufacturing Department is not responsible for delivery dates unless the Sales Department has an initialed delivery promise from the proper production official. This may seem like an unnecessary amount of "red tape," but we have found that the proper operation of the method has taken very little extra time and has tended very materially to reduce friction between the two departments. Coincident with the carrying out of such a program, there must be on the part of the Production Department a sense of real responsibility as to the keeping of the dates thus given. However, at times circumstances make it impossible to keep such dates and our plan is in such cases to let the Sales Department



know of the condition far enough in advance of the actual promised date to enable the Sales Department to get into communication with the customer and to inform the customer of the situation. If the customer comes back with the statement that the date must be kept, very often emergency steps can be taken to approximate the original delivery date. Our production schedules are made up once a month, at the beginning of the month, at which time all the orders on the books, including stock orders, are gone over by the proper officials in our Production Department and the schedule of the month's production laid out. At this time, it is very often possible to foresee promised dates which cannot be kept, and our effort is at this time to let the Sales Department know of such conditions. In this monthly scheduling the Sales Department is asked to assist and in certain lines of our product, are able very materially to assist us in assigning priority to certain customer's orders which they know are more urgently needed than others. These steps have served not only to keep the customer better satisfied as to deliveries, but give a very desirable point of contact between the Salesmen and the Production Officials, enabling them each to understand better the other's problems.

### **Importance of Accuracy and Reliability**

The quality of product is a matter of extreme importance to any business, and to none of more importance than to our business, where, if we do not provide accuracy and reliability, our equipment is worse than useless because it would then be misleading. The Sales Department is therefore in most instances the first department to receive complaints regarding quality, both through the mail and at the time of personal interviews. In our own organization we leave to the Sales Department entirely the handling of complaints as between the company and the customer. When the Sales Department receives a complaint from the customer or when our service people find lack of quality in any of our equipment which they are servicing, a complaint report is made out and sent through to the Production Department. Each complaint report receives careful attention by the proper authorities of the Production Department and a statement goes back to the Sales Department outlining what has been found out with regard to the complaint and what steps have been taken to prevent, if possible, its recurrence. In this way the Production Department is kept constantly informed as to how our apparatus is functioning and the Sales Department is kept constantly informed as to what steps are being taken to improve quality. Our Sales Department feels no hesitancy in sending through complaint reports, which is as it should be, so that we have very little difficulty in keeping this system operating. I might state in passing that we find it profitable to follow the today more or less adopted plan of assuming that the customer is right, and complaints are almost universally adjusted by us upon that basis.

One of the most difficult problems we have to handle is that of rush orders. We have the familiar condition of having customers who for reasons good or otherwise require material in a great rush. The Sales Department's job is to receive these requests in a sympathetic manner and endeavor, in so far as possible, to have them met. It is sometimes difficult to have such requests receive the same sympathetic action in the Production Department because it generally means the breaking up of well-planned schedules. In order to take care of this situation, we arrange that all rush orders be so stamped by the order division of the Sales Department and this stamp approved by the Sales Manager or the Factory Manager. These orders are taken at once to the Shop Office and the factory orders are made out on special forms with a red band running along the top indicating that such orders are to be rushed. If drawings and specifications are necessary, they are taken personally to the Engineering Department and given preference there, and when they reach the shop, the instructions are that they are to be put in hand at once, rearrangements of schedules to follow. This plan works very well so long as the rush orders can be held down to a reasonable number, and are really necessary. Every once in a while a rush order is put through the factory, completed on time, and then held in the Shipping Department for days and weeks because the customer does not give us shipping instructions. A few cases of this kind and it becomes very difficult to convince the Production Department that rush orders are all they are claimed to be. However, we can scarcely charge up such cases to the Sales Department because they have to take the customer's word that conditions are as they are presented to them.

### Compensating Salesmen

As to compensation—In our Sales Department, we find it practically impossible to pay salesmen upon a commission basis because the type of product which we manufacture covers long-continued selling problems in many of which various salesmen may be involved. Furthermore, a large percentage of our business comes directly through the mails. For a number of years, we have been paying our salesmen straight salary and a bonus, based upon the total volume of business received, and prorated among the salesmen as nearly as we can determine in proportion to their value to us. A few years ago, we placed our factory executives and sub-executives upon a group bonus scheme the basis of which was the amount of gross profit made during a fiscal year. Each of these bonus schemes worked out fairly well in itself, but led to inequalities between the salesmen's bonuses and the production men's bonuses. Inequality in compensation is one of the surest methods of producing lack of harmony between departments, and this year we have placed all the production people and all the salesmen upon a common bonus

scheme, based upon gross profits, so prorated that men of as near as we could determine equal value to us in the various departments receive approximately the same amount of bonus, bearing in mind, however, the differentiation in favor of the traveling men, which has already been mentioned.

### Encouraging Interest in the Factory

In order that our salesmen might know first-hand what is going on throughout the factory, we encourage them in going through the factory as frequently as they desire, and if they want information regarding a particular job in which they are interested to go, through the foremen, directly to the man doing the work. This is easily possible for us as our main sales office and the factory are in the same building. Our salesmen from district offices are brought in at more or less frequent intervals and encouraged to make themselves entirely familiar with what is going on throughout the factory. Furthermore, in most cases our salesmen are given a factory training before being taken into the Sales Department, not only in order that they might become familiar with the manufacture of our apparatus, but also that they may start in their sales work after having had an opportunity of coming into personal contact with production problems.

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## Management Mission to Europe

The following cordial letter has been received from one of our British members, apropos of the Management Mission:

"The Cocoa Works,  
York

I am indeed glad to learn that the Management Association's tour in Europe includes a visit to York on July 30th, and that we may anticipate the pleasure of welcoming your representative members at our Works here.

I should like to make the best possible arrangements for offering our fellow members of the Association from the United States the best possible guidance and information with reference to our activities at York. If I could, therefore, have as long in advance as possible an exact schedule of the members likely to be visiting the Works, their special interests, and the time available, I should like to make arrangements both to detail special executives to assist them in their tour, and to offer such hospitality as the opportunity makes possible.

Assuring you of our very cordial welcome, and of the interest with which I learn of the enterprise,

I am,

Yours very truly,  
B. S. Rowntree."

# THE MANAGEMENT INDEX\*

## Abstracts and News Items

### GENERAL MANAGEMENT

#### Market Analysis Checks Over Production

After tracing the post-war condition in the automobile business, the President of the Willys-Overland company elaborates the idea that co-ordinating output with sales acts as a stabilizer for industry. Features of the sales-production control of this company are an illustrated daily recapitulation sheet, sent to the factory by each distributor, giving number of cars of each model on hand, shipments made that day, and other data indicating the speed at which the various models are moving. On the fifth and twentieth of each month a summarization of reports received from dealers is included in this report in a space provided therefor. Monthly reports are also made by each distributor giving the number of cars of each model delivered to each individual dealer during the preceding month and the number of cars which he contracted for in each case. By John N. Willys. *Manufacturing Industries*, March, 1926, p. 165:4.

#### The Way Out for the Textile Industry

There is an over-productive capacity in the textile mills. To create and stimulate consumer ability and desire to purchase textile products prices must become more attractive than at present. In order to lower prices, excess human beings, excess

styles and excess sales processes must be eliminated. Therefore the organization was advocated of a National Textile Association representative of all the textile interests with instructions and authority to straighten out the kinks in the industry. Such an association should make a comprehensive sales analysis and report to the members. Such a report would show the sales possibilities by kinds and styles of all textile products in the various markets of the United States and foreign countries. At present hundreds of millions of dollars are locked up throughout the world in excess plant capacity and in excess inventories, and the consuming public has given notice that it will no longer pay for the excessive waste in the manufacture and distribution of textile products. By F. W. Shibley. *Printers' Ink*, Feb. 25, 1926, p. 57:3¾.

#### The Newest Phase in the Industrial Revolution

Vast mergers in business are the principal economic development of the times. It may be taken for granted that the merger will cause a reduction of costs in producing or marketing a given commodity and that it will reduce business instability to a great extent. But the moral in the present wave of consolidations reaches to the source of the institutions of private property, freedom of contract, and individual initiative. Every merger must be promoted with a reasonable profit, and commodities and services sold to the public at

\* A copy of any article abstracted may be obtained by sending to the office of the Association 25 cents per page which represents the cost of photostating.

reasonable prices and rates. By Stephen I. Miller. *American Bankers' Association Journal*, March, 1926, p. 617:1½.

### Unfair Selling Prices

An invective against the stockholder's betrayer who cuts prices and thus jeopardizes the reputation of the business as a sound investment. The large order is the lure which leads many a manufacturer on to disaster. Fair pricing should at all times consider the stockholder's profit, as well as an adequate margin for depreciation and upkeep. By W. L. Churchill. *Manufacturing Industries*, February, 1926, p. 97:4.

### What Should the Net Profit Be?

An appeal for bringing order out of the chaos of competitive price-making through applying a few elementary principles in pricing. Six different bases for estimating and including profit in fixing selling prices were used in as many investigated plants. None arrived at the profit in a scientific manner. There is no fixed ratio between manufacturing profit and selling price. Cost

systems cannot be blamed for the painful and inconsistent competitive conditions, some of which are being alleviated through mergers which lessen the number of price-fixing firms. The high rate of mortality in some industries is chiefly due to there being no common understanding of what the profit should be. By W. L. Churchill. *Manufacturing Industries*, March, 1926, p. 175:4.

### Go Ahead!

"We need more ice and coal men in industry," says George M. Verity, president of the American Rolling Mill Company. "Management must make good to its men just as men must make good to the company." These are two big factors in the success of this company that since the first of the century has grown to 7,000 employees. Adding side-lines to fill out the valleys in the production schedule, co-operation in the way of employee representation, profit sharing, and stabilizing labor turnover are some of the ways he has done it. By Roy Dickinson. *Printers' Ink Monthly*, March, 1926, p. 33:3.

## FINANCIAL MANAGEMENT

### Analyzing Net Worth in the Financial and Industrial Investigation

A careful analysis of the net worth of a business will usually reflect many facts influencing the financial policies of the management. Three primary sources of net worth are: Investment by stockholders, retention of earned profits and capital profits. Such an analysis should begin with the inception and financial history of the company, and continue through a consideration of subsequent capitalization. An interpretation of stock dividends and an analysis of capital stock are followed by a description and contrasting of bonds, preferred and common stocks, also the no par value stock.

In any contemplated financing, the securities offered should be of the type which

will be readily absorbed by the public, will provide necessary capital for the company at the least cost, will not close the door to future financing, and so protected as to benefit the security holder without burdening or hampering the operation of the business. By Arthur Andersen. *Manufacturing Industries*, March, 1926, p. 201:6.

### Getting the Most Value from the Monthly Balance Sheet

The balance sheet should be the road map of a business. It should guide the financial, the manufacturing and the executive policies of the business. Two useful sign posts will be found in two columns to the right of the amounts column and headed "From Last Month" with the sub-headings "Increase" and "Decrease." An-



alysis of this balance sheet will show the solvency of the business, the earning capacity, earnings compared with investment and the handling of the business. By C. C. Hermann. *The Office Manager*, March, 1926, p. 77:3.

### **New Foreign Trust Under Reserve Act**

The first Federal foreign investment trust is in process of organization. This will fill an important place in the financial structure. It will provide for municipalities, land banks, public utilities and old established industrial corporations for periods exceeding the usual time limits as fixed by commercial banking practice and in amounts too small for public offerings. *New York Times*, March 1, 1926.

### **Successful Budget Installation**

The second of two articles describing the introduction and operation of the budget in the textile industry, including the development of standards by which to establish estimates and measure performance. Carey E. Tharp. *Manufacturing Industries*, February, 1926, p. 89:4.

### **Novel Budgets Cut Indirect Expenses**

The factory comptroller of the Mason Tire and Rubber company describes budgets which have secured from 10 to 50 per cent reductions in cost. These budgets cover: Indirect or non-productive labor expense, schedules, waste, blemish and repair work, miscellaneous supplies, maintenance and labor turnover. These were developed gradually, beginning with the weakest point: indirect labor. Important savings have also been made through time studies. An unusual feature of this budget plan is a system of bonuses paid to each department head for making his budgets. This bonus is based on 2 per cent of the monthly income, and is paid once a month for each separate budget. By W. L. Harmon. *Manufacturing Industries*, March, 1926, p. 189:4.

### **Banking on Sound Industrial Relations**

Bankers and investment houses are going beyond the balance sheet in sizing up an investment risk. Their specialists in labor and industrial relations look into the employment policies and the labor situation of the borrowing concern, and translate what they find into data of great importance. This data gives the balance sheet new meaning and they can better foretell the future of the concern. *Industrial Relations: Bloomfield's Labor Digest*, Feb. 27, 1926, p. 3393:½.

### **Non-Voting Stock**

A discussion as to whether the separation of ownership and control is dangerous. There is a growing tendency in new corporate financing to concentrate the voting power in a small block of stock controlled by the financing company and their associates, and leave the balance of the stock issue without any voting rights at all. Criticism is based mainly on the fact that since the stockholder is the owner of the property he has a right to some control over the management of the property. One of the merits of the plan as stated by a New York investment house is that such control is exercised with greater care, knowledge and skill than would be the case with any group of individual stockholders. The investor reposes in the banking house financing a corporation the same confidence he reposes in a lawyer handling his legal affairs.

It is a question, however, as to whether the investor will be willing to allow a banking house to act for all time as the steward of his interests. *The Index*, February, 1926.

### **Financial Methods Undergoing Change**

Securities recently offered have been more satisfactory from the investor's viewpoint. Some of the bonds now carry stock warrants, which give the investor the opportunity to participate in the future growth of the issuing company. It is apparent that those who put up the money



which founded the present industrial empire did not reap the harvest from the financing of initial operations, as they held bonds which netted only a set rate of return. Those who held common stocks, purchased mainly at extremely low prices, reaped the benefits not only of the industries in which they were interested, but the growth of the country as a whole. By The Investor. *New York Evening Post*, March 13, 1926.

### Uses of Standard Costs

The three general uses of standard costs are: 1. to furnish a common denominator, affording the possibility of adding up different kinds of quantities; 2. the ability to develop trend factors; and 3. the ability to judge of the relative proportions of moving events. Standard costs are an aid to executive control in the doing of things. Knowing the standard cost makes it unnecessary to refigure costs when the actual cost of some ingredient increases. You have ratios that not only help in figuring actual costs but also in the control of those costs. Successful organizations have been built by able production or marketing men, but today a stage of growth and complexity is reached where the control of business becomes difficult and management by personal contact fails. By Eric A. Camman. *N. A. C. A. Bulletin*, Feb. 15, 1926, 17 pages.

### Forecast for 1926

The principal factors indicating the continuance of the present business situation are: 1. Our sound American banking situation, with ample reserves to take care of further business. 2. The large volume of building and construction contracts placed. 3. A considerable volume of forward orders for manufacturing and wholesale concerns. 4. The efficient transportation facilities of the country. 5. The worth of the present year's crop is more than ever before. 6. The public's confidence in the attitude of the government toward business.

The other side of the picture shows: 1. Rapid turnover of bank deposits. 2. The abuse of installment selling. 3. Overbuilding of expensive office, hotel and apartment buildings. 4. Speculation in developing vacant real estate. 5. Growing competition from Europe and more imports of manufactured foods. For the first half of the year the present situation will hold, it is too early to forecast the rest of the year. By Carleton B. Hutchings. *N. A. C. A. Bulletin*, March 1, 1926, p. 483:9.

### Organized Labor's Plan to Solve Housing Problem

The Railroad Brotherhoods have organized the American Home Builders, Inc., as a holding company for a national organization of mortgage institutions "to reduce the cost of home ownership to workers and to originate safe and profitable investments." For years organized labor has opposed company-owned houses for workers as being paternalistic, a check to labor mobility, and a whip over the worker's head to prevent strikes. They have, after careful investigation, found that the union members in 99 cases out of 100 carry through on their obligations, consequently they do not feel any need for secondary financing. *Babson's Reports, Business Supplement*, March, 1926, p. 6:1.

### Protected Trust Investments

A plan is described by which the Chicago Title and Trust Company has set aside a fund of \$2,000,000 to protect certain investments made by the company in a trust capacity. This new plan gives advance assurance of the trustee's responsibility for its investments and thereby furnishes every prospect for trust service with a cogent reason for selecting a corporate rather than an individual trustee. Most men interested in the subject of trust estates believe that the special reserve fund is an honest effort by an experienced organization to prevent losses to their beneficiaries. By Holman D. Pettibone. *American Bankers' Association Journal*, March, 1926, p. 607:2.

## OFFICE MANAGEMENT

### Space: Location, Equipment, Arrangement

#### General Use Facilities and the Office Layout

Office effectiveness is dependent largely upon the lighting, heating and ventilation, floor coverings, and intercommunication. In supplementing daylight care should be taken to avoid glazed and polished surfaces and an indirect lighting system with mushroom shaped globes should be so spaced and hung that light is thrown directly onto and reflected from every part of the ceiling. A selection of colors of ceiling, walls, trim, hangings and furniture should be

from those which absorb a minimum amount of light. A table showing the percentage of reflection factors from 15 colors is given. Floor covering is not only a matter of taste, as consideration should also be given to noise, ease of replacement, possibilities of cutting into and sanitary qualities. Two aids to health of workers are: Maintaining a fresh air supply at not more than 69 degrees Fahrenheit with not exceeding 50 per cent humidity; and easily reached drinking water. By Warren D. Bruner. *The Office Manager*, March, 1926, p. 83:2.

#### Administration: Regulations, Supplies, Communications

##### We Increase Sales While Decreasing Expenses

The E. S. Stacy Supply Company in its campaign against overhead, saves two cents on each order blank by using a simpler, smaller blank than formerly, headed only with the name of the store and the address. If any messages were sent with the order, a separate letter was written. Now a note is typed in capitals beneath the list of items. Omitting this correspondence saves from 25 to 35 cents

a letter. Another way of saving the manager's and stenographer's time is by not writing letters to the salesmen—for which they are doubtless thankful. Instead they are merely sent a memorandum which has been jotted down in duplicate by the manager, whenever he has a message for them.

By economies such as these, they easily get a 30 per cent reduction in their office expenses, and because of the lack of formality, everyone feels a personal interest. By Walter W. Peacock. *Industrial Merchandising*, March, 1926, p. 106:2½.

#### Benefit Systems and Incentives: Pensions, Profit Sharing, Suggestions, Vacations, Stock Ownership

##### Vacations for Office Employees

The summary of a survey made by the Boys' Work Committee of vacation policies obtaining in the Wall Street District. Twelve large representative organizations are included in the study. It is subdivided under such topics as legal holidays during vacation; Saturday before vacation; extra days without pay; leaving before vacation; effect of absence; military service; not returning after vacation. *Current Business Conditions*, March, 1926.

##### Making Millionaires Over Night

In 1920 there were 70 different makes of vacuum cleaners. One in every ten sold were Eureka's. In 1925 one in every three sold were Eureka's. Fred Wardell believes that the reason is that in 1920, he called in his department heads and practically gave them an interest in the business. In 1925, he called them in again and divided \$12,000,000. For many years, President Wardell tried to build a big business alone; he decided that it could not be done,

and he has made most of his money in the last five years since he reached the age of fifty-five. He refuses to consider a resignation until the employee has had a chance to cool off and talk things over.

Now the employees are buying stock, and he figures that at the rate they are going that they will control the business in another five years. By D. G. Baird. *Management*, March, 1926, p. 25:5.

### **Records: Forms, Charts, Cards, Files, Statistics**

#### **The Central File**

A central file department has recently come into full operation in the Chase National Bank of the City of New York. The plan became immediately successful. The purpose of the file is to provide a complete, accurate, and up-to-date card record of all customers of the bank. It not only increases the efficiency of the bank through the centralization of information, but incidentally saves the time of other departments which carry only partial lists by answering numerous questions for them. *The Chase*, February, 1926, p. 440:234.

#### **Executives' Files**

A discussion of various methods by which subject filing may be done, with comments on the relative usefulness of numerical and alphabetical files. An effective use of colored folders may be made to distinguish between permanent, temporary and other characteristic folders. By G. L. Harris. *The Office Manager*, March, 1926, p. 86:3.

#### **A Live Library vs. Dead Files**

The advantage of consolidating central files and books and periodicals is claimed as offering allied material in one locality. Further, a trained librarian will sift before filing, thus making the material more available and lending a creative function to an otherwise routine job. The librarian will need to study the needs of the various departments in order to anticipate requests for data. The best method for distributing data should be discovered. One business librarian says that it is part of her job to train employees to ask questions, it being essential to know exactly what is wanted before a search is made. By Eleanor Gilbert. *The Office Manager*, March, 1926, p. 80:3.

#### **Combining Alphabetical and Numerical Systems in Filing**

Ordinary numerical filing is believed to be a very poor system, and a waste of time. Straight alphabetical filing is only slightly better. One of the most modern methods, however, combines the two, and takes the best features of both systems. An ordinary small business firm will require a twenty-five division of the alphabet.

Instead of the old-fashioned card index boxes, visible systems of recording are being installed, which allows recording to be done in about a quarter of the time. By E. T. Ellis. *Business Organization and Management*, February, 1926, p. 252:134.

#### **A System for Handling Complaints**

This is the plan as used by the Jordan Marsh Company, and it can be also used by many manufacturers: The control card is made out in triplicate. The original is the work ticket, the card the adjuster uses in following the complaint through to completion. The duplicate is the follow-up record which is kept in an open file where it automatically uncovers itself if action on the original has not been completed within five days. The triplicate is a card which is intended for a permanent record. It is also used as a reference file for the credit office before dunning a customer. This latter card is filed and becomes a permanent customer's record. Then each time a complaint is made it is entered upon the card, together with cause and date completed. When this permanent record card indicates five complaints, a red tab is attached to the card as a signal. When a card shows two red signals it is carefully analyzed as to the reasons for such a recurrence of errors. By Merrill W. Osgood. *Printers' Ink*, Feb. 25, 1926, p. 93:234.

## PRODUCTION MANAGEMENT

### General: Promotion, Organization, Policy, Development

#### Warring Against the Idle Dollar

The one most important policy for a manufacturer to follow is that of exercising complete and definite control over stock.

At rush times inefficient workers must be put on because there are not enough highly skilled employees available, but the lull that comes when production is 25 per cent below capacity gives a chance to weed them out, and to train those who show promise.

When the works council of the Westinghouse Electric and Manufacturing Company was put into effect the delegates held office for two years. An investigation, however, showed that the workers representatives were suspected of having become the tools of the management. As a result of this feeling, it was decided to have elections once a year. Also to avoid any suspicion that the minutes of the meetings are not correctly and fairly reported there are two secretaries, one elected by the men's representatives and one by the management.

The reduction in the time taken for performing operations suggested by the workmen amounts to a great deal, which is directly reflected in the amount of goods-in-process required for any given volume of production, thus directly bearing on the finance of the business. By E. M. Herr as told to Johnson Heywood, *Factory*, March, 1926, p. 427:4.

#### Offsets for High Manufacturing Costs

From a background of some twenty years of intimate contact with the woodworking industries comes this description of savings in one of our national resources which must be conserved. Since no downward trend is probable in the cost of wood, wages, or sales prices, a profitable operation of existing factories will only be possible through economies in the use of

material and in its manufacture. Incentives for sawyers and other workers have resulted in a marked increase of product from the same amount of material. Net yields from logs will also be increased when woodworkers specify their requirements not in boards of a purely artificial intermediate form, but in a reasonable assortment of sizes that could be dimensioned at the saw mill. By Thomas D. Perry. *Manufacturing Industries*, February, 1926, p. 107:4.

#### Buick Saves \$3,500,000 in Nine Months

The story of small savings amounting in the aggregate to a substantial sum. A careful study of labor, materials and scrap, followed by some new installations and regulations resulted in large economies. By W. W. Clark, Jr. *Manufacturing Industries*, February, 1926, p. 85:4.

#### Scientific Planning for the New Western Electric Plant

A description of the Kearny plant, from the selection of the site to a summary of data on the completed portions of the buildings. By O. C. Spurling. *Manufacturing Industries*, February, 1926, p. 101:6.

#### Does a Private Printing Plant Ever Earn Its Board and Keep?

The experiences of Sears-Roebuck, General Motors and other large printing buyers show that private printing plants are usually an expensive luxury. It is necessary to install very expensive equipment and employ specialized printers in order to get the quality of work required. There is not enough volume, usually, to keep the plant busy on its routine work, and thus it becomes necessary to supply the printers with other jobs. In short, printing is too highly specialized to be handled as a side-line. By John L. Scott. *Sales Management*, March 6, 1926, p. 333:2.

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## Industrial Economics: *Labor and Capital, Legislation, Wage Theory, Immigration*

### The Shorter Workday

Unemployment is constantly growing and is becoming a serious threat against the welfare of the producers in the mass. Continual shortening of the working day is the only practical plan for solving this problem. England, for instance, would be much better off at present, on the basis of a six-hour working day than it is when paying for labor that is not performed. It has been the history of the labor movement that reduction in the hours of labor has been accompanied by better working conditions and better wages. By James M. Lynch. *American Federationist*, March, 1926, p. 291 :5.

### A Difference in Method

Why do American workmen enjoy a better standard of living than any other working people in the world, produce more and at the same time have so much higher wages? Recently Premier Baldwin stated that labor leaders in England would make a great contribution to the cause if they would spend more time studying the relations between employer and employee in the United States. Wage changes in England have been regulated according to living costs and sliding scales dependent on the selling prices of the product of the industry. This has resulted in lowering the earnings and spending capacity 2,359,000 pounds per week in seven years, while the relative purchasing power of our workman has advanced from 82 to 137.1 of the cost of living. Our high wages seem to increase production and decrease costs. *Globe*, March 10, 1926.

### Inventions of Employees and the Austrian Patents Act of 1925

The ruling as to the ownership of inventions made by wage-earning or salaried employees varies in different countries. In some countries the question has been settled by legislation; in others, it has been

left to usage; while in Germany in particular it is governed by collective agreements between the workers' and employers' organizations.

Viewed as a whole, the provisions of the new Austrian Act are far more favorable to the employee and more unfavorable to the employer than the regulations of any other country. But the law imposes undue restrictions on freedom of contract. The employer suffers owing to the inadequacy of the definition of "professional inventions," and he is always in danger of being obliged to make a more extensive use of the invention than is justified in the interests of the undertaking. By Professor Emanuel Adler. *International Labour Review*, January, 1926, p. 1:20.

### Explaining the P.R.T. Market Basket

Philadelphia Rapid Transit wages are to be based on the purchasing power of the dollar, plus an added return for efficiency and economy. The United States bureau of labor statistics maintains an index figure made up of the price of 184 commodities, comprising articles of food, clothing, housing, recreation, etc. Studies were made of the average cost of these articles over a period of many years past, and a curve laid down to show the changes. 184 other articles picked at random were similarly studied, and it was found that the two curves paralleled one another upwards and downwards with great regularity.

It was also found that the list of articles contained in twelve market baskets which the P.R.T. housewife would be likely to purchase, would change upwards or downwards in price sufficiently to indicate the change in the entire list of 184 articles. It was therefore decided to make the list of 184 articles the official measure, and to use the "market basket" as the handy measuring stick.

These articles will be priced from time



to time in the markets and stores used by the P.R.T. housewives. If at the close of the year there is a price variation of 5 per cent in the 184 articles, the basic wage will be changed accordingly. If within the year there is a variation for a period of three months of 10 per cent or more, the wage will be changed accordingly. The market basket checks will be made separ-

ately by the ten employee members of the general committee and the president and vice-president of the co-operative association, also employees. The check of the 184 articles which make up the index will be made by a special bureau working under the direction of the 50-50 employee-employer general committees. *Service Talks*, March 13, 1926.

### **Employment: Classification, Selection, Tests, Turnover**

#### **Placing Handicapped Persons in Industry**

The experience of A. Schrader's Sons, Inc., of Brooklyn, in placing handicapped individuals in their organization has been very satisfactory. It is not a matter of charity; handicapped people are given the same rate of pay as normal people for equal performance. On their payroll at the present time they have crippled employees, cardiacs, paralyzed, blind, and those handicapped by age, some of them averaging a higher production than their normal workers. *Brooklyn*, March 13, 1926, p. 16:2½.

#### **The Tardiness Problem and How It Is Handled by Eighteen Employers**

This study includes in its survey ten manufacturing establishments, one publishing house, one mail order house, two department stores, two chain store systems and two small stores. In general, the methods used by employers to insure prompt attendance include a personal follow-up of the cause of lateness, deduction from wages as a penalty, a bonus for

promptness, a general consideration of the tardiness record at promotion time and discharge for excessive lateness.

Prompt attendance has become too exaggerated a problem with many, but on the other hand the policy of granting a bonus for "no tardiness" seems an artificial method for securing that for which the company has already contracted. Bureau of Women in Industry: Nelle Swartz, Director. *The Industrial Bulletin*, February, 1926, p. 120:1¼.

#### **Management's Key Men**

The key men of a business organization are of no value unless the general manager makes good use of them, by placing responsibility upon them, and holding them to strict accountability for the success or failure of their respective departments. It is of no use merely to give a man a title. These key men should be given a voice in the management of the business, and be directly and finally responsible only to the manager. By E. L. Parsons. *Management*, Feb., 1926, p. 52:2½.

### **Employee Service: Hygiene, Recreation, Lunch Rooms, Stores**

#### **Our Plant Is Now a Better Risk**

The safety manager of the H. W. Caldwell & Son Company of Chicago inspects all departments about once a week. One of the most effective things done is to hold weekly meetings of foremen. A daily record of the departments is maintained having lost time accidents, and shown on a

blackboard in the office where these meetings are held. Another record of importance posted in this office is a monthly standing of the departments in safety work; the departments rating high are keen to maintain their position, and those rating low are anxious to get to the top for the succeeding month. Then there are

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letters which are sent out to the foremen from time to time, calling their attention to causes of accidents and the proper care and treatment of cuts, bruises, etc. By Lee Ramser. *Industrial Power*, March, 1926, p. 47:3¾.

### Standardization and Safety

It would prove of substantial value to have standard forms of accident reports accepted universally by industry in order that information concerning accidents be compared from year to year and furnish means of comparison between one indus-

trial establishment and another to measure the efficiency of their respective preventive measures. Definitions of the terms used in reports should be clear and readily understood by all accident reporting agencies. Much valuable information is lost because of this lack of standardization.

The great advantage of the American Engineering Standards Committee is that it has strong representation from industry and from the government, and the codes produced under its direction are certain to be widely adopted. By John W. Lieb. *National Safety News*, February, 1926, p. 29:2½.

### Training and Education: Schools, Libraries, Apprenticeship, Employee Publications, Bulletin Boards

#### The Foreman's Use of Industrial Psychology

One of management's responsibilities is to see that its foremen get a healthy point of view on foremanship problems. It is to be desired that foremen be sufficiently scientific in their methods to be able to practice the principles of industrial psychology, but as they usually take their cue from the management, the type of foremanship exercised in the plant will be as high-grade or as low-grade as the management makes it. By Glenn L. Gardiner. *Industrial Psychology*, March, 1926, p. 179:4.

#### The Manufacture of Men

The importance of a serious program of foremanship development is stressed, the responsibility for such training being up to the management. The Oakland Motor Car Company has such a program based on conference groups of an hour and a quarter a week. A planned-in-advance program is passed out at the close of the meeting preceding that in which the subject will be discussed. The program is elastic enough to admit any timely change. Frequently executives attend these conferences, which brings about a better understanding between men and management. To enable the foremen to attack their problems from

the management point of view such essential facts are given them as: capital investment in machinery and equipment in their departments, prices of materials they use, monthly payroll of their respective departments, cost of idle machines, cost of heat, air, power, and maintenance, pro-rated overhead for their departments and cost of labor turnover. By G. L. Gardiner. *Nation's Business*, March, 1926, p. 25:3.

#### Our Foremen Have Five Definite Aims

How the idea of on-the-job instruction works out when it is applied to foremanship development through supplying foremen regularly with information which enables them to gage the value of their own work. Each foreman knows definitely just what to aim at in order that his department shall measure up to the management's desires. By J. V. Carlson, as told to Lyman Anson. *Factory*, March, 1926, p. 455:2.

#### Industrial Education

The subject is discussed in this report under the headings of: General recognition of the value of industrial education; Types of industrial work and objectives; The all-day trade-schools; Types of full-time trade schools; Scope of the work;

Evening schools; Apprenticeship for the skilled trades; Legal provisions affecting part-time education; Manual work, not vocational; Home mechanics; The general shop; Private and corporation schools. By Maris Proffitt, *Bulletin*, 1925, No. 37, Department of the Interior, Bureau of Education. 16 pages.

### The Engineering Scene

A short survey of technical education in Europe and notes as to how we may profit by it.

The mines and industries of northern France are now well above the pre-war level of production. Germany's industrial equipment and her transport facilities, by highway, water and rail, are in a very good state of renovation. Italy probably leads the great powers of Europe in her present rate of material progress, and higher technical education is a large factor in this movement. The industrial system of Switzerland, based on the application of the maximum of trained intelligence and skill to the minimum of imported raw materials, is a unique example of economic selection.

The writer believes that the American program of technical education is well suited to a considerable group of students of a medium grade of ability. It is too complex for a large group of lower powers. But there is a small group of young men of high native ability and mental energy which needs a better and freer program, if it is to meet their needs on one

hand and the needs of our industry on the other, and in providing for them we have most to learn from Europe. By William E. Wickenden. *The Journal of Engineering Education*, February, 1926, p. 433:17.

### Selling Your Product to Your Labor

The employer is urged to sell the employee his job and make the worker realize that he has a distinct part in the upholding of the ethics of the organization and in the furthering of its interests. An educational plant advertising program is urged, with the use of bulletins, novel posters and prize contests, in order to instruct the worker about the product he is manufacturing. By Henry F. Kleymeyer. *Brick and Clay Record*, March 16, 1926, p. 454:134.

### The French Government Trains Apprentices

The lack of skilled craftsmen was felt to such an extent that state action was decided upon. The French Government is putting a tax of one-quarter of a cent on the salaries of all workers in certain trades and devoting the proceeds to the training of apprentices. Classes of instruction in the technicalities of each trade are being instituted. Competitions are being held in which medals and prizes are given to the best workers, and later lists of these workers will be published in the local press. *Executives' Service Bulletin*, February, 1926.

### Benefit Systems and Incentives: Group Insurance, Pensions, Vacations, Profit Sharing, Wage Plans, Suggestions, Stock Ownership

#### The Rise of Employee Stock-Ownership

An interpretation of this development which has been fostered almost entirely since 1918, with light shed on the motives, the merits and disadvantages. The motives have been the promotion of thrift, labor stability, improvement of company morale, and resident ownership. If undertaken with intelligent, conscientious and liberal guidance an employee stock-ownership plan may

avoid such difficulties as arise through a conception of the plan as a panacea, or substitute for all other labor policies. No conclusion of endorsement or rejection may be reached at this still experimental stage. At its best employee stock-ownership represents a possible and hopeful democratizing of the corporate form. By Ordway Tead. *Industrial Management*, March, 1926, p. 157:4.

### Guaranteeing Full Time Earnings

Two paper mills, the Crocker-McElwain Company and the Chemical Paper Manufacturing Company have had five years' experience with guaranteeing full-time earnings to workers of five years' standing. The plan was worked out to reward length of service and loyalty and includes also a progressive increase of wages for the first four years of employment. There follows a comparison of this plan with others of a similar nature, including those of the Dennison Manufacturing Company, the Dutchess Bleachery, the Procter and Gamble Company, and the Delaware and Hudson Company.

Four features influenced the Crocker-McElwain Company to take a chance on their plan: the extra payments are not as large as might be expected; certain economies are made possible; the liability which must be assumed stimulates constructive planning; and the firm believes that a wise investment in human nature is economically sound. By H. Feldman. *Industrial Management*, March, 1926, p. 133:6.

### The Group System of Wage Payment

Details of operation of the Group System at the Westinghouse Works at East Pittsburgh, illustrated by the group time report, the group organization sheet, a typical report of a completed standard time job and a day work job, and a group earnings sheet showing details of distribution. The installation of groups in this company began 14 years ago and they have since been formed wherever practicable. By Harold B. Maynard and G. J. Stegemerten. *Industrial Management*, March, 1926, p. 167:6.

### Labor Investment Suggestions

When a worker is considering investing in his own company the first thing to make sure about is that the matter is put on a self-respecting basis, leaving him as free-handed either to sell or to make his influence felt as would be any holder of

stock on the outside. The first question to ask is whether such stock has a vote, like all other stocks. If it has been stripped of this right of a stockholder it should be rejected. The ideal situation is that such stock not only should vote, but that it should have the right to vote cumulatively.

The preservation of an open market for the sale of a small number of shares should be considered. The investor should make sure that he can cash in at any time without loss, whether the security is in part or wholly paid for. By Professor William Z. Ripley. *American Federationist*, March, 1926, p. 305:2.

### A New Plan for Rewarding Long Service

This plan proposed to the directors by the operating head of a manufacturing company is a combination of group insurance and deferred income bond or annuity insurance without physical examination. The working details are outlined, and it is also shown how the plan will work out. It is an experiment and will be practically a permanent arrangement, though it might be tried out for five years if this were understood at the start. *Factory*, March, 1926, p. 438:4.

### Company Announces Attractive Savings Plan

Under the provisions of this plan each eligible employee of the Yellow Truck & Coach Manufacturing Company is permitted to pay into the Savings Fund of each yearly class a maximum of 10 per cent of his yearly earnings, provided that amount does not exceed \$300. Payments can be made in sums of \$5 or multiples thereof. For each dollar remaining to the credit of the employee in the Savings Fund on Dec. 31, 1926, the Company will pay fifty cents into a separate investment fund, and this amount will be credited to the account of the employee over a period of five years. Interest is paid at six per cent on all amounts standing to the credit of the employee in both Savings and Investment Funds. *Factory News*, February, 1926.

## Labor Relations: *Collective Bargaining, Employee Representation, Arbitration.*

### "Union Is As Union Does"

The Counselor in Industrial and Public Relations of Cleveland says that there are many good shop councils and plenty of bad ones—also many good national unions and plenty of bad ones. In both cases, the principle and intention are right, but the administration of affairs is affected by the men in control. One of the most significant unions today is the "B. & O. Plan" of co-operation between the unionized shop crafts and that railway's management. The plan is now being installed on the Chicago & North Western, the Canadian National, and other railways. By E. L. Parsons. *Management*, February, 1926, p. 52:3.

### Foremen and Square Pegs

An anecdotal article which places the blame for a high labor turnover, slow production, and waste, in a certain shop, to the lack of a warm attitude on the part of the superintendent and foremen toward the men. These foremen finally decided to stop passing the buck to any other department, or to the inefficiency of modern labor, and to offer every chance possible to the men. By Eugene J. Bengé. *Trained Men*, March and April, 1926, p. 33:2½.

### Can Brotherhoods and Managements Work Together?

The Brotherhood of Maintenance of Way Employees has invited the railway managements to join the brotherhood in a program of industrial peace, co-operation and improved service, efficiency and relationship. Railway employees and management are not pulling together as they should. The working machinery should consist of a committee on each division, and monthly meetings should be held. Since a working agreement already exists, and local lodges of the men are already established, a partial machinery for the extension of co-operation is provided. These local meetings can be used as co-operative

schools, where officers and men can get together. By L. E. Keller. *Railway Age*, March 6, 1926, p. 581:2¾.

### Organized Labor's Constructive Participation in American Finance and Industry

A summary of organized labor's supplementary activities in labor banking, life insurance, investment trusts, co-operative stores and manufactures. It is said that corporation stocks are scattered among not less than fourteen million people. During the last six years there has been an added effort on the part of trade unions to reach the savings of trade unionists, and to employ their savings, for active participation in the existing industrial order, rather than in support of a critical attitude toward it. *Law and Labor*, March, 1926, p. 83:4¼.

### Getting the Most Out of Your Machine Tool Dollar

This subject has been considered by a variety of firms including the Timken Roller Bearing Company, the Illinois Central Railroad, SKF Industries, International Harvester Company, Dayton Engineering Laboratories Company, National Cash Register Company, the Hoover Company, Westinghouse Electric and Manufacturing Company, Spicer Manufacturing Corporation and General Electric Company. The experience of these firms has been printed serially in the *American Machinist*, and is now available in reprint separates.

### Union Supplies Efficiency Counsel

The Production Service of the International Printing Pressmen and Assistant's Union of North America maintains a staff of experts and engineers familiar with the technical work of newspaper production. At Pressmen's Home, Tennessee, there is a bureau of information and counsel for the members and their supervisors in the newspaper establishment. There is a regu-

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lar inspection of about six hundred daily newspapers and a report on defects and suggested remedies is circulated. The Pressmen are seeking a footing for their members on a performance level, with increasing definiteness of measurement. *Industrial Relations: Bloomfield's Labor Digest*, Feb. 20, 1926.

#### Day Work vs. Piece Work

One of the greatest faults of the piece work plan is that as operators are naturally eager to produce as much as possible, they are apt to sacrifice quality for quantity. As far as the writer knows, the Nunn, Bush and Weldon Shoe Company is the only manufacturer of men's fine shoes operating entirely on a day work basis. Their methods are described in some de-

tail. By E. C. Dallman. *The Society of Industrial Engineers Bulletin*, February, 1926, p. 7:4.

#### Simplified for Economy

"The elimination of waste is a pure asset; it has no liabilities." This is one of the favorite expressions of Herbert Hoover, Secretary of Commerce. He figures that the annual waste in this country amounts to at least ten billion dollars. Already through simplification in light bulbs, paving brick, hardware, varieties of yard sizes in lumber and other items, the saving has been \$293,400,000; and the job has just begun. This has been done entirely through voluntary co-operation between Hoover and the producer. By Norman Beasley. *Business*, March, 1926, p. 15:3.

#### Rate Setting: Operation Study, Time Study, Motion Study

##### Finding the Worth of a Man's Work

A description of a rating plan, illustrated by a rate table constructed to show the relative values of different grades of work, a diagram of the differentiation in the division of labor in industrial enterprises, a graphic presentation of minimum and maximum rate gradations by service grades and a pyramid showing the proportions of individuals in an organized enterprise, as arranged by grades. By J. Osborne Hopwood. *Industrial Management*, March, 1926, p. 176:8.

set in the time-studies for the class of work which is being done.

In several of the Company's locomotive and car shops, a premium system is in effect whereby work performed on time schedules can be definitely measured, and further efforts are being made to solve the complete application of the premium system. By R. A. C. Henry. *Canadian National Railways Magazine*, March, 1926, p. 17:4.

#### New Equipment—Old Equipment: We Time-Study Them Both

Sample mechanism is set up in the experimental shop of the Dunlop Tire and Rubber Company, and tuned to smooth running under production conditions. Then a man stands beside it with a stop-watch to make a time study. In a surprising number of cases the new equipment is found to be more costly instead of more economical than an old-fashioned, simple method. Other ways are mentioned in which time studies have saved this firm money.

Standards were set for the entire plant in six months. Production per wage dollar is higher and wages per worker are higher,

#### The Personal Problem in Industry

At the present time, the Canadian National Railways has in force in several of its shops the premium system, the essential features of which are: 1. A classification of the work to be done in the shop in question is made. 2. Careful studies are made of the time required to perform the work under each classification. 3. A complete system of cost accounting is installed. 4. Employees are paid additional compensation in the form of a percentage allowance equivalent to the percentage improvement which they make over the standard time



and the system is so satisfactory that few of the workers and none of the executives would care to go back to the time when the

company was without a stop-watch. By Dwight V. Merrick as told to Peter F. O'Shea. *Factory*, March, 1926, p. 452:3.

## BUYING, RECEIVING, STORING, SHIPPING

### Joint Buying in Canada

In Canada twenty-four Ontario department stores have organized for group buying. These stores which are located in the smaller cities and towns, plan to buy jointly about 10 per cent of their total purchases. The goods purchased will include any that can be bought in quantity at a discount. Joint buying is being tried out also by department stores, wholesalers and retailers in the United States on an even larger scale. This seems to reflect a tendency to co-operate in business and to solve problems jointly. It may become very successful if the associated companies give the consumer the advantage of a lower price and maintain collectively the standards of merchandise they set for themselves individually. *Executives' Service Bulletin*, February, 1926.

### Business Today

The British recommend that the American practice of installment buying be extended overseas. They were impressed by the stability of commodity prices in this country, especially in view of the enormous extension of the deferred payment system on everything from automobiles to

paint for the house. Special finance corporations have been formed to handle the risk which is insured and reinsured. The system has acted as an incentive to work and has contributed substantially to the existing prosperity of the United States. By Paul Willard Garrett. *The New York Evening Post*, Tuesday, Feb. 23, 1926.

### A Lesson in Partial Payments

The recent experience in the anthracite coal area during the strike furnishes a sort of laboratory experiment for anyone interested in partial payments and the results that may come from them when general business again enters a period of depression. The fact is that many merchants in the coal area abandoned partial payments as soon as the pinch was felt. Most of them declared a sort of moratorium for goods already sold and future purchases were for cash only. It is possible to find out from their experiences just what goods are best for the installment plan. Incidentally the more installment selling there is, the greater the opportunity for a truly low-priced, cash business. By Babson Statistical Organization. *Babson's Reports*, March 2, 1926, p. 1:1.

## SALES MANAGEMENT

### Department Leasing in Retail Stores

A noticeable feature in retailing is the tendency on the part of some retailers to let other organizations operate those sections which have proved unprofitable to the store owner. Several firms have subleased all space to various department man-

agers, but very few stores operated by private firms have survived under the 100 per cent department leasing plan. It is stated that not less than 30 per cent of the department stores in the United States have one or more leased departments. Nevertheless, large department stores in metropolitan cities seldom lease important sec-



tions. *United States Department of Commerce*. 45 pages.

### The Recent Great Extension of Installment Selling

A review of both sides of the practice. It appears from information collected by The Farmers Loan and Trust Company of New York that 85 to 90 per cent of all furniture, 80 per cent of all phonographs, 75 per cent of all automobiles and washing machines, 65 per cent of all vacuum cleaners, 40 per cent of all pianos, 25 per cent of all jewelry, and 13 per cent of all radio apparatus, are sold on the installment plan. It seems to be born of the seller's passion for volume and the buyer's passion for indulgence. It should be remembered that the final test may not come for some years, and as it has elements of danger caution is desirable. By George W. Norris. *American Bankers Association Journal*, March, 1926, p. 636:2.

### Warren Paper and U. S. Envelope Cash In on Standardization

These two companies worked out a co-operative scheme for standardizing sizes in the sale of papers and envelopes. The plan grew out of a recommendation of the United States Chamber of Commerce for a standardization program which had hitherto proved somewhat impractical. *Sales Management*, March 6, 1926, p. 337:2/4.

### Sales Management That Bears Down Too Hard

Sometimes the salesman feels that the sales manager is so far away that he cannot appreciate the difficulties and problems of the territory away from the home office. The salesman at the same time is so far away that he knows more of the problems of his customers than of his firm. The general sales manager of the Borden Com-

pany overcomes the difficulty by getting out in the field himself whenever the salesmen seem to become an annoying but possibly a necessary evil. After he is out in the field long enough to begin to feel that the policies of the house are too strict, that the jobber and dealer are right, he gets on the inside job again. In this way he keeps in touch with both ends of the game and is better able to understand and reason with his workers. No longer is there acrimonious correspondence between the salesmen and the All-wise One, who knows it all and demands the impossible or the disastrous. By A. H. Deute. *Printers' Ink*, Feb. 18, 1926, p. 77:4.

### What We Learned When We Bought Out a Competitor

When the Vonnegut Hardware Company purchased another hardware company which was located just one door west, they expected a sales increase of \$50,000 the first month, but instead, volume actually dropped off for a time.

Points as to how the new personnel was handled, and the adjusting of the salesmen's territories are outlined. By Franklin Vonnegut. *Sales Management*, Feb. 20, 1926, p. 259:13/4.

### Direct Distribution

Houses which now distribute their products by mail account for approximately 4 per cent of the volume of business of the country. A tabulation of the records of five leading companies which market their products by the house-to-house method shows that the volume of sales of these companies increased on an average of 72 per cent during the three years from 1922 to 1925.

The two factors which operate in favor of direct distribution are economy and the fact that stores which operate under this method sell service as well as goods. *The Index*, February, 1926.

## Sales Promotion: Letters, House Organs, Advertising

### Putting Your Label on the Goods You Sell

Perhaps it is a growing recognition of the right of the salesman to "get credit" for his share in the process of distribution that has latterly impelled a larger proportion of manufacturers and supply houses to make no objection to salesmen's riders on their goods. They will naturally object, of course, if the addition of a salesman's label serves to conceal any part of their own inscriptions. A distinction is made between labeling by the ultimate seller and the practice known as "private branding." The latter procedure seems to lead to considerable trouble. On the other hand, by identifying himself via label, with a manufacturer's brand, the salesman has all the advantage of whatever advertising the manufacturer may do. He is, in the mind of the ultimate consumer, associated with the goods he handles and is pointed out as the convenient source of supply for his neighborhood. By Waldon Fawcett. *Salesology*, March, 1926, p. 28:2½.

### Clubs and Contests

This report of clubs and contests in 59 large and small life insurance companies classifies the various practices and points out the principles and methods which are fundamental. Whenever possible, tables are used to summarize the companies' practices. Original and successful contests are described in detail. *Report No. 22*. February, 1926. *Life Insurance Sales Research Bureau*. 36 pages.

## Salesmen: Selection, Training, Compensation

### Report on Compensation Plans for Selling Employees

This report was made by the Advisory Committee to the Store Managers' Division. They found the following methods of compensation in actual operation throughout the country: 1. Straight com-

### (Your name here)

Equality is the basis for co-operation between manufacturer and dealer. The dealer could probably give some help to the manufacturer. There should be room for the dealer's name, address, and trade mark on the booklets. A successful dealer makes up blotters and booklets of his own and will not use those from manufacturers unless they compare favorably with his own. As soon as the manufacturer expurgates his unconscious superiority complex and turns to good, simple, unselfish dealer helps, he will find the waste materially reduced. By Hiram Blaubelt. *Printers' Ink*, January 28, 1926, p. 17:3.

### 6,000 Employees Sell 50,354 Shares of Stock in Ten Days

The Cities Service Company, a holding company with over one hundred utility and petroleum subsidiaries in various sections of the United States, has a customer ownership department which is maintained solely for the purpose of periodically organizing employees of the subsidiary companies to sell the company's securities. Each employee gives in a list of customers whom he meets in reading meters, etc., and the company advertises and writes direct. The employees have luck pieces, which tied up with the advertising story, for prospectives, made it easy to introduce the subject. The cost of this selling scheme is surprisingly low. By D. W. Springer. *Printers' Ink*, Feb. 8, 1926, p. 11:2.

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mission with drawing account. 2. Salary plus commission on net sales. 3. Salary plus commission on gross sales. 4. Straight salary plus P.M.'s. 5. Salary plus commission on sales over a quota. 6. Straight salary. All these methods are believed to be unfair to the salesperson except

that of straight salary. This requires close supervision, but it provides for a contented sales force, of being able to determine in advance of the season the amount of money that will be spent for selling forces; the flexibility of transferring salespeople from non-busy to busy departments; the flexibility of having salespeople in dull times do stock work or other work without confusion of pay, and finally the appreciation of the sales force. *Store Operation*, February, 1926, p. 5:23½.

### Cost Accounting for Salesmen

The value of time is a strong factor in the success of a salesman. At the best he can spend only about two and a half hours a day actually giving his sales talk to the prospects. A salesman worth \$100 a week must earn at least \$7 an hour. He must make every effort not to cut into that precious time. He must make engagements, shorten his lunch hour, find out whether his prospects have an early or late lunch hour, be at the prospect's door at opening time, map out his work ahead, and constantly realize that time is his one valuable asset. Finally, he must cut and prune his sales talk until it takes only as much time as it is worth. An article bringing him a small commission is worth just so much time and no more. Careful work on each sales talk will produce results. By W. L. Barnhart. *Printers' Ink Monthly*, March, 1926, p. 32:2.

### Making Their Personnel Into One Big Family of Efficient Workers Wins Success for Jordan-Marsh Co.

Jordan's success has been largely in training its personnel to give the ultimate in service. Courses are offered employees in buying, salesmanship, textiles, design, and executive training. It conducts drives for improved selling technique, better telephone service, and fewer errors in sales checks. It dramatizes in playlet form all manner of problems. Its employment division not only hires and promotes, but

also fits the worker to his job. *Value-First Messenger*, Jan., 1926.

### Does It Pay to Use Train Dispatcher Tactics in Routing Salesmen?

Prominent sales managers in many lines of business discuss the subject as to whether salesmen should be routed by the house or whether they should be allowed to work their territories in any manner they choose. Among the contributors to this article are: W. W. Morse, Eastern Casualty Company; C. L. Bradt, Detroit Steel Products Company; W. M. Pratt, Goodell-Pratt Company; G. S. Blome, Baltimore Enamel & Novelty Company; and F. B. Garrison, A J. Tower Company. *Sales Management*, Feb. 20, 1926, p. 246:4.

### A Salesman Asks for a Flat Expense Allowance

This salesman advocates the flat amount per month for salary, room, and meals for salesmen, especially if they work regular territory, because it develops individual and mutual respect, it does not increase the cost of selling, it helps the economical man to adjust himself, live better, and make more money. Only clever salesmen who easily swindle their firms would object to this plan. By a Salesman. *Printers' Ink*, January 28, 1926, p. 25:2.

### The Job of Reselling the Salesman

The more enthusiastic and energetic a salesman is, the more gloomy and discouraged he often becomes when things do not break just right. Then is when the sales manager earns his salary. After a hard period of fighting for business, the strain begins to tell. If prospective customers do not seem to appreciate what the salesman is trying to sell them, he loses faith in it and in himself. Then he needs to be sent out of his territory for a short time to handle another problem somewhere else; or he needs a short visit at the home office where he can loaf and enjoy the city until the boss has time to talk to him. After a

few days away from the job, he is ready to be resold. By A. H. Deute. *Printers' Ink*, March 4, 1926, p. 57:3.

### Salesmen Who Hold Out Unpleasant Facts

Frankness is absolutely essential in the matter of complaints and mistakes between salesmen and customers. Many salesmen get the idea that they are supposed to be absolutely perfect and that it is better to cover up complaints, and hide any trouble from the sales manager. This is rarely the case, for the salesman is not often a good peacemaker, and customers get more satisfaction if they can air their grievances before the higher authorities. By W. R. Heath. *Printers' Ink*, Feb. 18, 1926, p. 162:3.

### Should Accountants Be Salesmen?

The accountant's job is not nearly as easy nor as lucrative as the alluring advertisements would hold out. The successful accountants should be salesmen and "darn" good salesmen. The certified accountant knows as much of the production side of profit and loss as the chief engineer, sales manager, or any other man in the business; but, because he is too conscientious and such a poor personal advertiser, he is often unable to put over the things he knows are right. When he needs new equipment and machines, he must sell the idea. When new policies are being formed, he should get in on the ground

floor, talk things over, add his opinions, and sell his ideas. His monthly reports should sell him too. The successful accountant should study salesmanship and gain self-confidence. By F. B. Thomas, *N. A. C. A. Bulletin*, January 15, 1926, p. 419:3.

### Salesmen Who Almost Make Good

The question under discussion is an attempt to determine whether it is a salesman's fault if he does not make good, or if part of the blame does not lie with the sales manager who has failed to give him the right kind of help. The plan developed by the Fyr-Fyter Company of Dayton, Ohio is designed to give the salesmen every aid possible toward making an effective presentation of the company's sales message.

The Pillsbury Flour Mills Company conducts schools for salesmen where advertising and selling plans are reviewed and discussed. They also prepared films for the purpose of supplying their salesmen with an eye to eye outline of how the company's advertising could be made productive or wasteful, depending on the manner and extent of its use by the salesmen.

Back of the plan used by Wilson Brothers of Chicago is their method for concentrating purchases, holding down inventories, and insuring the merchant of properly balanced stocks. This idea gives the salesmen much more than just merchandise to sell. *Sales Management*, March 6, 1926, p. 324:3½.

### Books Received

**Practical Business English.** By W. L. Mason. G. P. Putnam's Sons, New York, 1925. 474 pages. \$2.00.

**Principles of Industrial Organization.** By Dexter S. Kimball, A.B., M.E. McGraw-Hill, New York, 1925. 430 pages. \$4.00.

**Labor Economics.** By Solomon Blum, Ph.D. Henry Holt and Co., New York, 1925. 549 pages. \$4.00.

**Profits.** By William Trufant Foster and Waddill Catchings. Houghton Mifflin, Boston, 1925. 460 pages. \$4.00.

**The Office.** By Nathan Asch. Harcourt, Brace and Company, New York, 1925. 265 pages. \$2.00.

**Everyman's Insurance.** By Frazer Hood, Ph.D., Litt.D. D. Appleton and Company, New York, 1925. 259 pages. \$1.50.

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**The Psychology of Vocational Adjustment.** By Harry Dexter Kitson. J. B. Lippincott Company, Philadelphia, 1925. 268 pages.

**Proposals for Changes in the Federal Revenue Act of 1924.** Special Report Number 33. National Industrial Conference Board, Inc., New York, 1925. 44 pages. \$1.00.

**The Present Economic Revolution in the United States.** By Thomas Nixon Carver. Little, Brown and Company, Boston, 1925. 263 pages. \$2.50.

**Operating Expenses in Department Stores in 1924**—Bulletin No. 53. Bureau of Business Research, School of Business Administration, Harvard University, Cambridge, Mass., 1925. 133 pages. \$1.50.

**Modern Business English.** By A. Charles Babenroth, Ph.D. Prentice Hall, New York, 1925. 461 pages. \$4.00.

**Industrial Psychology and the Production of Wealth.** By H. D. Harrison. Dodd, Mead and Company, New York, 1925. 180 pages. \$2.00.

## Survey of Books for Executives

**The Selection and Training of Salesmen.** By H. G. Kenagy and C. S. Yoakum. McGraw-Hill, New York, 1925. 370 pages. \$3.50.

The authors of this volume have made a distinct contribution to a type of business literature which has been characterized in the past by too much unsubstantiated theory and hasty generalization. It presents in very readable form some of the more important results of seven years of research carried on by the Carnegie Institute of Technology, Bureau of Personnel Research, in the field of the selection, training, and supervision of salesmen.

The purpose of the authors is to provide those sales managers who are concerned "to take the guess and hunch out of their methods of recruiting, training, and supervising salesmen" with a proved technique for accomplishing this result. This technique may appear to be a bit formidable to many who have been accustomed to following trial and error methods somewhat exclusively. It may also be questioned whether all phases of the technique described deserve to be considered "proved" at this stage. Nevertheless it is all highly suggestive and stimulative to thought and can hardly help but be beneficial to anyone who gives the book careful study.

Perhaps the greatest value which it will have will result from the stimulus which it will give to all sales executives to approach their problems from a scientific standpoint and make use, in seeking their solution, of genuinely scientific methods. The stress which is laid in the early chapters upon the necessity of first studying the details of the salesman's job and the type of men actually performing it before trying to administer correctives is alone worth the price of the volume.

It will, of course, be necessary for each individual sales manager to select from the technique described such portions as are applicable to his particular business and adapt them to his own use. In many cases the methods presented are too elaborate for practical use in the majority of businesses, but the wise reader will look behind the specific procedure to the principle involved and find suggestive ideas which can readily be incorporated into his own plan of procedure if he once catches the spirit. A strong feature of the book is the abundance of illustrative material which it contains, all of which not only serves to sustain interest but also to drive home the conviction that the authors have fortified themselves with an imposing array of facts before seeking to present conclusions.



The chapter on "Determining Sales Efficiency" deals with some vexed questions such as the use of sales quotas and efficiency ratings for salesmen. The general topic is of such fundamental importance that it would seem to deserve a somewhat more extended treatment than it actually receives. The unscientific methods of setting sales quotas are, for example, condemned but nothing which might be considered a "proved technique" for their establishment is offered. Graphic rating scales, moreover, seem to be discussed rather inadequately in view of the great difference of opinion as to their value which exists among those who have given them an actual trial. There is a technique for the use of such scales which is of paramount importance in determining their practical usefulness. It is probably in the development of this technique rather than in the detailed construction of the scales themselves that their successful application to any business lies. This subject, we feel, deserves greater consideration.

Chapters XII and XIII on "Mental Alertness Tests for Salesmen" and "Personality and Aptitude Tests" contain a great deal of interesting material and deserve to be read very thoughtfully by every sales manager, whether he proposes using such tests or not, because of the importance of the conclusions which are reached. It is when the chapters dealing with the subjects of training and supervising salesmen are reached, however, that the authors have, in our judgment, made their greatest practical contribution to the business world. The concepts which are presented of the real tasks of the salesman, the retail dealer, and the sales supervisor are sure to challenge the interest of every thoughtful reader. These concepts are positive, illuminating, excellently presented and admirably adapted to perform a most valuable function in lifting out of the rut those who, under the stress of daily duties, have fallen into the habit of keeping their eyes too closely fixed upon immediate detail—and that includes most of us.

You will find even those parts of this

book with which you disagree interesting and stimulating, and we feel sure that few who give it a careful reading will regret the time spent in so doing.

ARTHUR H. CARVER,  
*Director of Training,  
Swift and Company.*

**The Columbia Conserve Company—A Unique Experiment in Industrial Democracy.** By Paul H. Douglas. University of Chicago Press, Chicago, 1925. 50 pages.

This study of the employee representation plan in the Columbia Conserve Company represents primarily a sociological rather than a management appraisal. It does cover the problem from the point of view of the worker very satisfactorily except that one might wish for a statement of the employees' reaction toward it in somewhat greater detail.

The facts presented make it clear that the workers have benefited by an increase of wages greater than in the industry generally and faster than the increase in the cost of living.

There is comparatively little on the improvements in management technique though the subject is not overlooked entirely—possibly there is not wide scope for it in the canning industry.

The Columbia Conserve Company case is a most unusual and most interesting one. Most employee representation plans are primarily a means of "leadership through consultation." They provide a genuine education for the employees and the management. The Columbia Conserve Company plan has functioned well in both these respects. The story—well told—amply proves that William P. Hapgood has led through consultation and that the plan has educated the employees on management problems.

But when a plan goes further or pretends to go further the debate becomes more acrimonious and the reader of this book may well finish it in doubt as to how far employees may participate in manage-

ment and especially permit a such success Columbia

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ment and will certainly enquire as to what especially favorable circumstances will permit a plan to go further than usual with such success as seems to have attended the Columbia Conserve plan.

W. J. DONALD.

**Literature for the Business Man.** Selected and Edited by Gerald E. Se-Boyar. F. S. Crofts & Co., N. Y., 1925. 403 pages. \$2.50.

The value of a cultural education as a means of recreation for the business man is emphasized in the introduction to this collection of classics which includes excerpts from the better known poets and prose writers. The idea seems to be to give the busy man who has no time for browsing among dramatists, essayists and such, a ready made tabloid library of culture—this in order to broaden his outlook, give him a better command of expression, and stimulate his imagination.

**Measuring and Forecasting General Business Conditions.** By Warren M. Persons, Ph.D., American Institute of Finance, Boston, 1922. 43 pages.

**The Business of Making Profits.** By Emery H. Marsters. American Institute of Finance, Boston, 1922. 47 pages. Complete set of 20 volumes (including both books) sold at \$77.50.

Dr. Persons has succeeded in crowding into the forty-three pages of this bulletin many of the essential considerations of business forecasting. It will serve as an excellent introduction to a study of the problem in general, and the methods used by the Harvard Economic Service in particular. Sufficient information is included, in non-technical form, to aid one in interpreting reports on general business conditions, but is in no sense a handbook of statistical method such as a student of business conditions would need to be familiar with.

The methods used by Harvard con-

sist briefly of selecting the principal barometers of business, reducing them to comparable form, sorting them into groups according to the sequence of their fluctuations, and then of forecasting the changes which are likely to occur in each group by the changes which have occurred in the group which usually precedes it. This method implies a composite cause and effect relationship between groups which has its basis in sound economic reasoning, so the method depends on both statistical analysis and economic deductions.

Dr. Persons has been the principal exponent of this type of analysis of business conditions and has been using it with considerable success in his work with the Harvard Economic Service, so of course he is admirably fitted to write such a bulletin as this one.

One of the most difficult problems involved in analysis of business cycles is that of reducing the various barometers to comparable form, so they can be combined and compared. Some are expressed in units of dollars and cents, others in pounds, tons, etc., and still others in per cents. Some are gradually increasing through the year, while others are decreasing. Some rise in the spring, for instance, while others decline. Some fluctuate violently from year to year, while others are fairly steady.

The method outlined briefly by Dr. Persons is to estimate the "normal" for each barometer for each month of the year, and express the barometer in units of deviation from that normal. This ingenious device removes many of the dissimilarities between the barometers which are confusing, and so often misleading.

In conclusion, Dr. Persons describes the barometers which were used in the Harvard forecasting chart up to 1923, and tells of the forecasts which were made in February 1920, in 1921, and in early 1923.

The second of the above mentioned pamphlets, issued by the American Institute of Finance, discusses the importance of making profits in business, the chances

of realizing them, the methods to be used, and the qualifications of the successful profit-maker.

The urge to expand a business is not alone the desire to make profits. It is due to the satisfaction that the successful business man gets from mere size; from the desire to achieve quickly; and from the gratification of outdistancing rivals by means of efficiency.

In the making of profits, risks have to be incurred, and the business man profits through ability to reduce these risks by careful thinking and planning. Price bargaining is, of course, an important factor. The author stresses the importance of proper utilization of capital, labor and raw materials, etc.

In the final chapter there is presented a list of fourteen qualities essential to success. This list had been sent to 276 successful business men, asking them to rank these according to their importance. The result based on average rankings was as follows: judgment, initiative, integrity, organization ability, health, perseverance, aggressiveness, open-mindedness, co-operativeness, competitiveness, control of emotions, refinement, appearance, and sense of humor.

On the whole, this dissertation on profit-making is by no means profound,—nor does it pretend to be; neither does it make any unique contribution. In fact, there are many worth-while things about profits that might have been pointed out. On the other hand, there are stimulating thoughts and expressions, and the young man entering business would undoubtedly benefit by reading it.

L. D. H. WELD,

*Commercial Research Department,  
Swift and Company.*

**The Quest of the One Best Way.** By Lillian Moller Gilbreth. 1925. 64 pages.

"The Quest" contains the interesting record of a life which crystallized into set aims and ideals dominated by a constant and strenuous search for "The One Best Way" to conceive, to develop and to carry

into action—as applied to life in all its undertakings but particularly as applied to Management Engineering practices.

Those who knew Frank Gilbreth will read with much interest this simple but inspiring story of his life written by his wife, herself also a professional Industrial Engineer who for many years was actively engaged in Consulting Management Engineering with her husband. Those who did not have the privilege of personal acquaintance but who read "The Quest" are bound to receive an uplift and inspiration resulting in an increase of effort to focus their own life work more particularly on set ideals.

Much commendable comment has been made of the life and influence of Frank B. Gilbreth—one of these received, within a few days, by the writer from an eminent Mechanical and Management Engineer reads as follows:

"Search for Truth is the greatest pursuit; discovery of Truth brings lasting satisfaction; revealing Truth enriches the heritage of experience that flows from generation to generation. 'The Quest of The One Best Way' shows that Frank B. Gilbreth sought, discovered and revealed essential Truth, and in so doing lived a great life. From a more strictly professional viewpoint he made a tremendous contribution by pointing the way to an understanding of the laws of management." —(Sgd.) L. P. ALFORD.

"The Quest" deals with some incidents in the early history of Management Engineering and the acceptance of Management as a science.

The importance early given to the Human Element in Industry is indicated and emphasized, as also certain specific aspects of Psychology, Education, Fatigue and other factors.

A definition given of "The One Best Way to Do Work" will perhaps be of interest to quote from "The Quest" namely—"Analyze the best that you have and go ahead through the best available to the ultimate best existing or to be found."

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"The Quest" fails to sufficiently show the militant and strenuous traits that characterized Frank Gilbreth in the courageous holding for his ideals. Such comment can be answered by the following quotation from "The Quest" itself as follows: "If Frank has been pictured here as anything but a rushing, tearing, dominating force, it is because to his family he was just 'Dad.' To the world, friends and foe alike, he was the typical warrior, chafing at peace, glorying in opposition, fired with enthusiasm for the causes he believed right, ready to sacrifice himself ruthlessly to put things through. Never beaten, because unwilling to acknowledge defeat. And always a happy warrior, because work was a joy!"

FRANK TOMES CHAPMAN.

**How to Plan a Convention.** By P. G. B. Morriss. Drake Publishing Co., Chicago, 1925. 153 pages.

The do's and the don'ts of preparing and managing a convention are outlined by an author who has seen many of them succeed or fail. Samples of effective publicity and well-balanced programs are shown, and the duties of various committees are dealt with in a practical and detailed manner. Anyone assisting at either a local or national gathering will find many a helpful suggestion and warning in these pages.

**Marketing.** By Edmund Brown, Jr., Ph.D. Harper & Bros., N. Y., 1925. 500 pages. \$3.00.

Mr. Edmund Brown's new book on "Marketing" is a distinct contribution to the literature on this subject. Its method of approach is rather original. A large amount of space is devoted to an examination of the actual practice in the more important trades. The author contends justifiably that no one is competent to discuss marketing principles or policies in their general application until he has followed through the methods employed, and tried to distinguish the forces at work

in actual trading practice. Mr. Brown believes that the principles of marketing are not well defined, except in an elementary way, and thinks that the inductive method is essential.

In the first chapter of the book the author shows a good comprehension of the social significance of the marketing process. He points out that the marketing problems for any class of goods focus upon the satisfaction of individual, personal wants. The volume is arranged to show the inter-relation between the system built up for marketing any one product, and the entire process of supplying human wants. This chapter further introduces the book by analyzing demand, supply, and the market, and by pointing out the inter-dependence of markets and prices. It also enumerates the marketing functions and gives an interesting classification of goods.

In the discussion of trade channels, he points out that goods follow varied routes on the way to the consumer, but more emphasis might be given to the fact that these channels of distribution are determined by the characteristics of the goods and the nature of the demand for them.

Following the introductory chapter, the book is divided into five distinct parts, entitled: (1) Certain Basic Trades; (2) Organized Exchanges and Future Trading; (3) Wholesale Distribution; (4) Retail Distribution; (5) Marketing Policy.

Taken as a whole, this volume gives a wealth of information on the marketing job and it is the equal of any text I have seen in its method of approach to the subject of marketing. I have long been wondering why some author did not develop a text on marketing with more emphasis on demand and a discussion of its importance in the first part of the book. It is generally agreed by economists that demand is the basic element in marketing; desire precedes effort; demand must exist or be created before supply is important. In view of the controlling influence of demand, it is surprising that texts on marketing are so conspicuously lacking in ade-

quate analyses of the nature of the demand for different products, and that ordinarily it is one of the last subjects to be discussed. It is realized that the information on this subject is meager and that much study would have to be given to the buying habits of consumers. Such research, if properly presented, would result in a clearer understanding of the phenomena of marketing. This may give an overgrown impression of the possibilities of such a method of approach, but it is at least believed that this point of view is deserving of more careful consideration than it has usually received in the presentation of marketing material.

Mr. Brown's book will no doubt be generally welcomed by students of marketing and deserves to occupy a high place among the texts that have been written on the subject.

A. T. KEARNEY,  
*Commercial Research Department,  
Swift & Company.*

#### **Business Organization and Management.**

By Henry P. Dutton. A. W. Shaw, Chicago, 1925. 538 pages. \$6.00.

This new volume by Prof. Dutton is an elementary exposition of all the details involved in the organization and conduct of a business.

It begins with a short description of the evolution of business and carries the reader from the consideration of the type of business in which to engage, through selection of location, promotion, organization, financing, manufacturing, accounting, marketing, and administration.

An idea of the size of the field that the book attempts to cover can be given best by considering the subject matter of some of the chapters.

Starting with the relation of business to the social structure, it traces its activities and functions through its evolution to the several forms of organization in which it exists today, and then discusses in more detail various phases of these organizations. Individual ownership, partnership, stock companies, corporations, holding companies,

trusts, co-operative enterprises, all are touched upon.

Next is taken up the selection of the business opportunity with the various factors to be considered; then the organization of the business, its promotion, capitalization, and location.

Financial management follows: forecasts of operations, sources of funds, prices, reserves, dividends; and then into the mechanism of accounting, both general and cost, and accounting control, followed by credits and collections, banking and insurance.

Manufacturing is next treated in detail under design of product, layout and equipment of plant, tooling, routing, standardization, planning and control of production.

The purchase, storage, and accounting for materials completes the manufacturing section and precedes a chapter on office management.

The development of the functions of marketing and a discussion of wholesale and retail agencies of distribution, together with a chapter on selling and advertising are covered in the marketing section and then follow several chapters devoted to executive control, labor management and wage payment.

Rather than being a description of any one method of carrying on these various activities, it is to a great extent a general description of the functions with some specific examples of methods used by different industries and companies, various sources having been drawn upon for this information.

The book is evidently designed for a reference text-book for beginners in the study of business organization and management. It covers so large a field, however, that it must be supplemented necessarily by comprehensive lectures or specialized reading. If so supplemented under intelligent direction it may fulfill this purpose, although it cannot be selected as a source of definite information for the practical executive.

SANFORD E. THOMPSON, *President,  
The Thompson & Lichtner Co.*